

IRS ISSUES SPRING STATISTICS OF INCOME BULLETIN

WASHINGTON.-- The Spring issue of the quarterly *Statistics of Income Bulletin* (SOI) has just been published. It includes five articles and two data releases, concerning individual income tax returns, S Corporations, tax exempt organizations and excise taxes.

Preliminary data for tax year 1996 show that adjusted gross income (AGI) reported on individual income tax returns increased to over \$4,554 billion, about 9 percent more than for 1995. Taxable income, the base on which tax was computed, increased 11 percent to \$3,101 billion, while income tax grew 13 percent to more than \$661 billion.

A related article shows that average individual income tax for 1995 was \$6,593 per tax return, or 14.7 percent of AGI. Tax Year 1995 was the fourth consecutive year for which this percentage increased. The top 5 percent of taxpayers reported 29 percent of the income and 49 percent of the tax. To be included in the top 5 percent, a tax return had to show AGI of at least \$96,221. For 1995, the lowest tax rate, 15 percent, generated 22 percent of the tax; the highest rate, 39.6 percent, generated 23 percent. About 565,000 returns reported income taxed at the highest rate.

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A third article notes that while the growth of S Corporations (generally qualifying small companies electing to be taxed through shareholders) slowed for 1995, their number (2.2 million) remained at nearly half of all corporation income tax returns filed. The majority of S Corporations (82 percent) were owned by only one or two shareholders. Total profits of these corporations, including "portfolio income," were \$99.1 billion, up 8 percent over 1994. About 71 percent of companies filing as S Corporations for the first time were already corporations and 29 percent were newly-incorporated businesses.

Yet another article shows that for 1994, total revenue reported by nonprofit charitable organizations (excluding private foundations) rose to \$589 billion, 4 percent more than for 1993. Only 175,000 of the 579,000 tax-exempt charities were required to file returns; the remainder were either too small or were churches or other religious organizations. Organizations with total assets of \$10 million or more accounted for 5 percent of the returns, but 79 percent of the revenue. Hospitals were the leading type of organization, with 45 percent of the total revenue.

A related article indicates that about 35,700 tax-exempt nonprofit organizations reported \$5.4 billion of gross unrelated business income for 1994. This was income not related to the organizations' tax-exempt purpose. Over half the organizations reported a profit, which totaled \$643 million, 6.5 percent more than for 1993. Their total tax liability was \$195 million.

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According to one of the data releases, there was a net decrease from fiscal year 1995 to fiscal year 1996 in the combined total excise tax collections reported by IRS, the Bureau of Alcohol, Tobacco and Firearms, and the Customs Service, from over \$59 billion to \$56 billion. Tobacco tax collections, however, remained about the same at \$6 billion.

This issue also provides individual income tax return data by State for tax year 1996 (returns filed throughout 1997). California, Texas, and New York were the leading States, with 25 percent of the returns filed, 26 percent of the AGI, 27 percent of the tax, and 29 percent of the earned income tax credit.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$29 (\$36.25 foreign); single issues cost \$18 (\$22.50 foreign). For other Statistics of Income (SOI) data, write the Director, Statistics of Income Division OP:RS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; dial the SOI electronic bulletin board at (202) 874-9574; check the World Wide Web at <http://www.irs.ustreas.gov>; or telephone the SOI statistical information services office at (202) 874-0410 (or, by e-mail, sis@soi.irs.gov; by fax, (202) 874-0964).

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